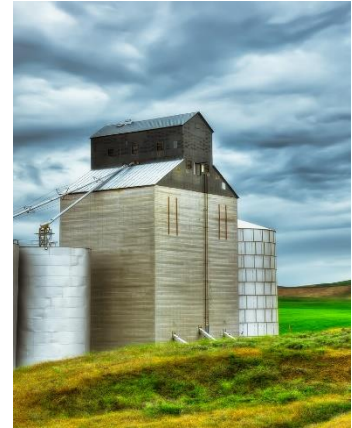


JLARC to review public utility tax deduction for shipments to interim storage

The 2006 Legislature directed JLARC staff to conduct performance audits of tax preferences. This preference is included in the 10-year review schedule set by the Citizen Commission for Performance Measurement of Tax Preferences.

The Legislature created this tax preference in 2007. The preference is a deduction for shipment of agricultural products to interim storage facilities between farms and ports when the products' final destination is out of state.

Interim storage facilities include grain warehouses and other facilities that temporarily store agricultural products. Businesses that transport commodities to interim storage facilities may deduct revenues for those shipments before calculating their public utility taxes.



Tax preference intended to maintain historical tax treatment of shipments to interim storage facilities

JLARC staff infer that the tax preference is intended to maintain treatment the Department of Revenue previously extended to eligible shipping activity. The Department of Revenue historically allowed a tax deduction to shipments of agricultural products to interim storage in order to treat this activity like other, explicitly exempted interstate commerce activities. In 2006, the Department determined it lacked legal authority to allow the deduction and proposed legislation to authorize it. The Legislature formalized the tax deduction in statute in 2007.

This study will address the following questions

1. Which industries benefit from this tax preference, and what are the beneficiary savings?
2. What types of agricultural products may be shipped using this preference?
3. What portion of Washington's grain shipments are subject this preference?

Does the deduction ensure the pre-2007 tax treatment is sustained for the same types of beneficiaries and activities?

Study Timeframe

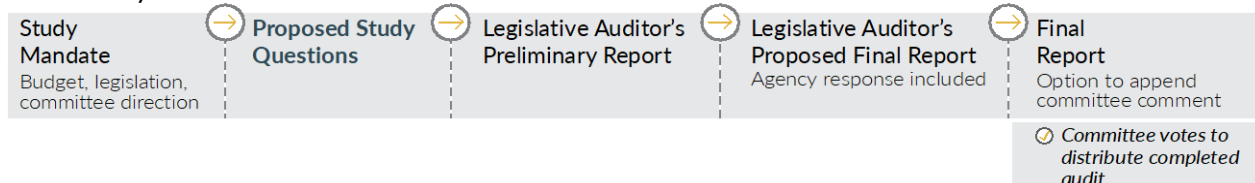
Preliminary Report: July 2020

Proposed Final Report: December 2020

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JLARC Study Process



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